



Terrapin Asset Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Terrapin Asset Management, LLC (“**TAM**,” the “**Company**” or the “**Filing Adviser**”). If you have any questions about the contents of this brochure, please contact us at 212-710-4100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Additional information about TAM is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure has been updated since its most recent filing in March 2018 and this section provides a summary of the material changes that have been made since that last filing.

TICO liquidated the assets of and returned substantially all capital to investors of TICO Investment Vehicle VI, LP in August 2018, and returned final holdback funds to investors of TICO Investment Vehicle IV, LP and TICO Investment Vehicle V, LP in December 2018.

The Company liquidated the assets and returned all capital to investors of the proprietary fund previously included in this brochure, in May 2018. This proprietary fund was wholly owned by principals of the Company and was not offered to outside investors.

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All defined terms used and not otherwise defined in this brochure shall have the meanings set forth in the offering documents for the respective Terrapin Fund, as defined below, to which the term relates.

Advisory Business

The Company was formed in February 2002 to manage a fund of hedge funds portfolio that was founded by an affiliate of the Company in January 2001. The Company registered as an investment adviser with the United States Securities and Exchange Commission in May 2005. The principal owner of the Company is a New York trust of which Mr. Nathan Leight is settlor. Mr. Leight is also chairman and chief investment officer of the Company. The Company manages a private investment fund that makes investments in other private funds.

The Company also serves as sub-adviser to another registered investment adviser (the “**Sub-Advised Account**”) on a non-discretionary basis.

The principal executive officer of the Company is associated with TICO Management Company, LP (“TICO”; TICO and the Company, together, the “**Advisers**”). TICO was created in February 2012 to manage certain private investment funds that make investments in collateralized, short-duration debt or debt-like instruments. TICO does not manage fund-of-hedge funds portfolios. TICO is under common control with the Company. Mr. Leight is a principal owner of TICO. TICO and the Company are managed as a single advisory business.

As of December 31, 2018, the Advisers managed \$56,586,000 of regulatory assets under management on a discretionary basis and \$293,000 on a non-discretionary basis. In total, as of December 31, 2018, the Advisers managed \$56,879,000 of regulatory assets under management.

TAM

The Company serves as the Client Fund’s investment manager, providing investment advice and management to Terrapin Fund of Funds, LP, a Delaware limited partnership (the “**Client Fund**”). The Client Fund is a collective investment vehicle formed as a private investment partnership, organized

to invest in securities and other financial instruments. The Company also serves as a sub-adviser to the Sub-Advised Account.

With respect to the Client Fund, in providing such services to the Client Fund, the Company formulates its investment objective, directs and manages the investment and reinvestment of the Client Fund's assets and provides reports to investors. The Company manages the assets of the Client Fund in accordance with the terms of the governing documents applicable to it. The Company will invest Client Fund assets in private investment funds, mutual funds, separate account vehicles, or other investment entities (collectively, the "**Investment Funds**") managed by other investment managers (the "**Investment Managers**") who employ different absolute and relative return investment strategies across diverse sectors and asset classes in pursuit of attractive risk-adjusted returns consistent with the preservation of capital. Such Investment Managers, in turn, invest and trade primarily in securities and other financial instruments. The Company may also invest Client Fund assets directly in securities and other financial instruments to the extent it determines that such investment is in the best interest of such Client Fund. The Company's objective is to achieve consistently attractive, risk-adjusted returns by investing in a diversified group of Investment Funds managed by Investment Managers and a portfolio of direct investments in securities and other financial instruments managed by the Company.

For the Sub-Advised Account, the Company manages the assets in accordance with the terms of the sub-advisory agreement and the investment restrictions placed on the account.

TICO

TICO serves as investment manager and adviser to its collective investment vehicles, which are private investment partnerships, organized to invest in securities and other financial instruments (each, a "**TICO Client Fund**"; together with the Client Fund, the "**Terrapin Funds**"; together with the Sub-Advised Account, the "**Clients**"). TICO formulates its investment objective, directs and manages the investment and reinvestment of the TICO Client Funds' assets, and provides reports to investors. TICO manages the assets of the TICO Client Funds in accordance with the terms of the governing documents applicable to each such TICO Client Fund.

Currently, TICO provides these services to the following TICO Client Funds:

- *Terrapin Income and Credit Opportunities Partnership, LP*, a Delaware limited partnership (the "**TICO Fund**"). TICO serves as the TICO Fund's investment manager.
- *TICO Investment Vehicle III, LP*, a Delaware limited partnership (the "**Third TICO Co-invest Fund**"). TICO serves as the Third TICO Co-invest Fund's investment manager.
- *TICO Investment Vehicle VII, LP*, a Delaware limited partnership (the "**Seventh TICO Co-invest Fund**"). TICO serves as the Seventh TICO Co-invest Fund's investment manager.
- *TICO Investment Vehicle VIII, LP*, a Delaware limited partnership (the "**Eighth TICO Co-invest Fund**"). TICO serves as the Eighth TICO Co-invest Fund's investment manager.
- *TICO Investment Vehicle X, LP*, a Delaware limited partnership (the "**Tenth TICO Co-invest Fund**"; together with the Third TICO Co-invest Fund, the Seventh TICO Co-invest Fund, and the Eighth TICO Co-invest Fund, collectively, the "**TICO Co-invest Funds**"). TICO serves as the Tenth TICO Co-invest Fund's investment manager.

Interests in the Terrapin Funds that are collective investment vehicles sponsored by the Advisers are not registered under the Securities Act of 1933, as amended, and such Terrapin Funds are not

registered under the Investment Company Act of 1940, as amended. Accordingly, interests in the Terrapin Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions. Typically, these investors are high net worth individuals, institutions, and other entities.

Fees and Compensation

Compensation received by the Advisers from the Terrapin Funds generally consists of fees based on a percentage of assets under management and/or performance-based amounts.

The Company's discretionary asset-based fees range up to 1.50% *per annum*, and TICO's asset-based fees range up to 2.00% *per annum*, although reductions may be negotiated with investors on a case-by-case basis. The Company's asset-based fees are generally billed quarterly and TICO's asset-based fees are generally billed monthly. The Company's management fees are generally paid at the beginning of each quarter or up to three months in advance and are not refundable. TICO's management fees are paid at the beginning of each month or up to one month in advance and are not refundable. Asset-based fees are generally billed at the commencement of the fiscal period during which the Advisers will perform the services to which the fees relate.

With respect to the management of the Terrapin Funds, the Advisers charge fees to each investor's capital account. In accordance with the Client Fund's governing documents, investors generally will be permitted to make complete or partial redemptions. Redemptions from the TICO Client Funds are prohibited. With respect to the TICO Fund, in accordance with the TICO Fund's confidential private placement memorandum ("**PPM**"), as investments mature or are sold by the TICO Fund, distributions are made to investors. With respect to all other TICO Client Funds, distributions are made to investors as investments mature or are sold by such TICO Client Fund.

In addition to the Advisers' fees, investors will bear indirectly other fees and expenses charged to the private fund. Those fees and expenses will vary, but typically will include fees associated with making or selling portfolio investments, legal and accounting fees, taxes, commissions and brokerage fees, registration expenses, fees to government regulatory agencies, the cost of directors' and officers' liability insurance, travel expenses and other expenses associated with research and due diligence, and other expenses such as the cost of litigation. The Terrapin Funds will bear all out-of-pocket costs and expenses incurred directly or indirectly by the Advisers in connection with the Terrapin Funds' or the Advisers' regulatory or self-regulatory filings with the SEC, CFTC, or any other regulatory or self-regulatory body (whether U.S., non-U.S., state, federal, or local) related to the Terrapin Funds or the Advisers' activities in connection with the Terrapin Funds. The Terrapin Funds may also bear their allocable share of the salaries (but not benefits or bonuses) payable to the Advisers' personnel that perform audit, tax, fund accounting, internal legal services, and related functions that the Company determines to be attributable to the Terrapin Funds. Investors should review all fees charged to fully understand the total amount of fees to be paid by the private funds and, indirectly, their investors.

Each Terrapin Fund sets forth its specific fee structure (including how it charges fees) in a confidential offering memorandum or similar offering document provided to prospective investors.

For the Sub-Advised Account the fee structure is outlined in the investment sub-advisory agreement. It is an asset-based fee with a minimum floor. The Company's services may be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. In addition to the fees charged by the Company, the Sub-Advised Account will bear other fees and expenses charged by Investment Managers and/or Investment Funds.

Performance-Based Fees and Side-by-Side Management

The Company may receive an incentive allocation as of each December 31 with respect to the capital accounts of limited partners in the Client Fund of up to 5% of the amount by which the net asset value (“NAV”) of each capital account exceeds the investor’s High Water Mark. The Company may waive all or part of any limited partner’s Incentive Allocation in any fiscal period.

TICO may receive performance-based Carried Interest, as defined in the TICO Fund’s PPM, with respect to the accounts of limited partners of up to 20% of the net capital appreciation of such Limited Partner’s account from time to time, subject to and/or in excess of specified performance thresholds as set forth in the TICO Fund’s PPM provided to prospective investors. TICO may receive incentive fees with respect to the value, if any, of certain equity instruments owned by certain TICO Co-invest Funds of up to 15% of the value realized by these instruments or of the value of the instruments if distributed to the limited partners in-kind (the “**Incentive Fees**”). While, due to the structure of the TICO Fund and the TICO Co-invest Funds, and the nature of their investments, investors generally are not permitted to make redemptions. Investors in the TICO Fund may cease reinvestment of their capital with proper notice half-yearly, but only after an initial investment period. TICO may waive all or any portion of Carried Interest or the Incentive Fees with respect to any limited partner in any fiscal period.

Performance-based fees, Incentive Fees, and incentive allocations are based on a share of capital gains on or capital appreciation of assets of a Client. An adviser charging performance fees to some accounts faces a variety of conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges only a fee unrelated to performance (e.g., an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee.

The Advisers will enter into performance-based fee arrangements and the fact that they do so may create an incentive for them to make investments on behalf of Terrapin Funds that are riskier or more speculative than would be the case in the absence of such compensation. Performance-based fees received by the Advisers are based primarily on realized and unrealized gains and losses. As a result, a performance-based fee earned could be based on unrealized gains that clients may never realize. In addition, some portfolios within the TICO Fund (“**TICO Portfolios**”) are not charged a performance-based fee. Although the Advisers have an incentive to favor TICO Portfolios for which it receives a performance-based fee, in no instance will the Advisers favor TICO Portfolios paying performance-based fees over TICO Portfolios not paying performance-based fees. As fiduciaries, the Advisers recognize their duties to act in good faith and with fairness in all of their dealings with all Terrapin Funds, and it is the Advisers’ policy to allocate securities across all their respective Terrapin Funds in a fair and equitable manner.

TICO has and may continue to form other investment vehicles that may invest in similar assets to the TICO Fund. TICO has co-invested side-by-side with the TICO Fund in illiquid investments or liquid trading strategies that are similar to that of the TICO Fund. In case of a potential conflict of interest, where there is limited access to a limited supply of a particular investment or sale opportunity, such opportunities will be allocated in the manner TICO considers to be consistent with its advisory obligations to the TICO Fund and the TICO Co-invest Funds, but it cannot assure equal treatment among all accounts and clients at all times.

Types of Clients

The Advisers provide investment advice to privately-offered investment funds structured as limited partnerships, limited liability companies, and one Sub-Advised Account. The Terrapin Funds have minimum investment amounts and investor suitability criteria which are set forth in their respective offering documents and subscription agreement materials. Investors will be required to make certain representations when investing in a Terrapin Fund, including but not limited to that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and (iii) they have the ability to bear the economic risk of an investment in the fund. The Advisers may manage investments for other clients, other than the existing Clients referenced herein, with different objectives, higher or lower fees and different fee structures.

Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that investors should be prepared to bear, including the potential for total capital loss.

Client Funds

The Company's research efforts focus on identifying new Investment Funds, performing due diligence on prospective Investment Managers, and evaluating direct investment opportunities in securities and other financial instruments. All of the fundamental research generated on prospective Investment Managers, securities, and other financial instruments is internally generated. When evaluating a prospective Investment Fund, the Company performs a host of quantitative and qualitative analyses. The quantitative research the Company generally performs includes:

- Historical performance risk/return analysis;
- Peer and benchmark performance comparisons;
- Analysis of performance during market turbulence;
- Historical performance volatility analysis;
- Downside deviation/drawdown analysis;
- Review of performance attribution, use of leverage, capacity and liquidity constraints, and portfolio construction; and
- Analysis of asset growth/reduction, and impact on return and exposure levels.

The qualitative research the Company generally performs includes:

- Background and reference checks on prospective Investment Managers, and review of employee turnover;
- Site visits, to include a review of back office and execution capabilities;
- Analysis of portfolio pricing procedures;
- Analysis of manager commitment to, and implementation of, risk controls;
- Review of audited financial statements;
- Legal review of all fund documents; and
- Review of agreements with existing investors and portfolio transparency policies.

The Company's research efforts are overseen by the Company's chairman and chief investment officer, and are supported by the Company's director of quantitative analysis and an analyst. With respect to the main sources of information the Company uses to support its research process, the Company

licenses databases for accessing regularly updated performance data from a wide range of prospective Investment Managers in order to complement its internal database of prospective Investment Managers. Additionally, the Company licenses a Bloomberg terminal in order to access index data, information about prospective Investment Managers' portfolio holdings and filings, information about individual securities and other financial instruments, and general market information.

The Company's network of personal contacts is its single best source of information. The Company's research team leverages its network of relationships with hedge fund professionals, financial markets professionals, and hedge fund investors to identify prospective Investment Managers, and to perform due diligence on such. The Company's chairman and chief investment officer has developed extensive professional and personal contacts throughout his more than 30 years of direct experience in the asset management and hedge fund industries. His network, as well as the contacts of the other senior investment professionals, provides the Company with access to a number of Investment Managers that are otherwise closed to new investors.

The Investment Funds implement a wide range of strategies in diverse international markets. These strategies include investing and trading in both long and short positions in their respective portfolios, and may include investment in securities for which there is no ready market, or very limited liquidity. Some strategies may also involve elements of securities arbitrage and hedging, the purchase and sale of puts, calls and other options, and the use of leverage. The Company believes that such an investment program has the potential to achieve investment performance without the levels of volatility and risk that such assets, or the Investment Funds and Investment Managers, may individually experience. Each prospective Investment Fund investment is evaluated both on a stand-alone basis and in the context of the overall anticipated partnership portfolio. The Investment Managers are identified and monitored on an ongoing basis by the Company. The description provided above is a brief overview of the investment strategy and is not intended to be complete.

All investing involves a risk of loss and the investment strategy offered by the Company could lose money over short or even long periods. Acquiring an interest in the Client Fund involves a number of risks. An investment in the Client Fund is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Client Fund. No guarantee or representation is made that the Client Fund will achieve its investment objective or that Limited Partners will receive a return of their capital. The following is a brief overview of different investment risks related to the Company's fund-of-fund investment strategies; the offering document for the Client Fund sets forth specific risk factors for an investment in such Client Fund.

Funds-of-funds generate multiple levels of fees and expenses. By investing in Investment Funds, the investor bears asset-based fees and performance-based fees or allocations of both the Client Fund and the Investment Funds. Thus, an investor in the Client Fund may be subject to higher operating expenses than if he or she invested in an Investment Fund directly. In addition, certain of the Investment Funds may be subject to a performance-based fee or allocation, irrespective of the performance of other Investment Funds. Accordingly, an advisor to an Investment Fund with positive performance may receive performance-based compensation from the Investment Fund even if the Client Fund's overall performance is negative. Generally, fees payable to advisors of Investment Funds will range from 1% to 2% (annualized) of the average NAV of each fund's investment. In addition, certain advisors charge an incentive allocation generally ranging up to 20% of an Investment Fund's net profits, although it is possible that such ranges may be higher for certain advisors. The performance-based compensation received by an advisor to an Investment Fund may also create an incentive for that advisor to make investments that are riskier or more speculative than those it might have made in the absence of the performance-based allocation.

Each Investment Fund invests independently. Each Investment Fund will generally invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that Investment Managers hold such positions, the TAM Client Fund, considered as a whole, may not achieve any gain or loss despite incurring fees and expenses in connection with such positions.

Investment Funds are illiquid. The Client Fund may make additional investments in or effect withdrawals from any Investment Fund only at certain times pursuant to limitations set forth in the governing documents of such Investment Fund. The redemption or withdrawal provisions regarding the Investment Funds vary from fund to fund. Some Investment Funds may impose lock-up periods prior to allowing withdrawals or impose early redemption fees, or impose gates or suspension provisions. After expiration of a lock-up period, withdrawals may be permitted only on a limited basis, such as annually. Therefore, the Client Fund may not be able to withdraw its investment in an Investment Fund promptly after it has made a decision to do so. This may adversely affect the Client Fund's investment return or increase the Client Fund's expenses or limit the Client Fund's ability to fund redemptions from investors at a given time.

Investment Funds may distribute securities instead of cash. Investment Funds are permitted to redeem their interests in-kind. Thus, upon the Client Fund's withdrawal of an interest in an Investment Fund, it may receive securities that are illiquid or difficult to value.

Investment Funds may be difficult to value. The valuation of the Client Fund's investments in Investment Funds is ordinarily determined based upon valuations calculated by TAM based on information provided by the Investment Funds and their auditors. Although TAM reviews the valuation procedures used by the Investment Funds, TAM may not be able to confirm or review the accuracy of such valuations. Furthermore, revisions to an Investment Fund's gain and loss calculations will be an ongoing process, and no appreciation or depreciation figure can be considered final until the audits of the Investment Fund have been completed.

Investment Funds may have rights to indemnification. The Investment Fund managers may have broad indemnification rights and limitations on liability. The Client Fund may also agree to indemnify certain of the Investment Funds and their managers from liability arising out of, among other things, certain acts or omissions relating to the offer or sale of the shares of the Investment Funds.

TAM will not control the Investment Funds. TAM does not and will not control the Investment Funds, and there can be no assurances that Investment Funds will be managed in a manner consistent with the Client Fund's investment objective.

TICO

TICO was created to capitalize on credit market dislocation by acquiring short-duration, income-generating instruments, and distributing income on a regular basis. TICO's investment strategy involves investing in undervalued credit investments, including asset-based transactions, loan originations and corporate securities. TICO's research efforts are overseen by the Portfolio Manager. TICO undertakes a cash flow analysis of potential investments to determine the expected return on investment as well as scenario analyses to determine potential downside risk. TICO undertakes due diligence review of documentation with respect to direct loans made to small businesses.

TICO implements a number of strategies in a variety of markets, for a mixture of illiquid and liquid assets. A list of potential strategies, for illustrative purposes only, would include investing in the areas of equipment leasing, small business loans secured by liquid collateral, high-yield bonds and "hard-money" lending. TICO may invest in illiquid securities and it may do so exclusively. Some strategies may also involve elements of securities arbitrage and hedging, the purchase and sale of puts, calls

and other options, and the use of leverage. While TICO intends to avoid strategies that utilize significant amounts of leverage, TICO reserves the right to utilize leverage, both at the TICO Fund and individual investment levels, on an opportunistic basis. Each prospective investment is evaluated both on a stand-alone basis and in the context of the overall anticipated partnership portfolio. The investments are identified and monitored on an ongoing basis by TICO. The description provided above is a brief overview of the investment strategy and is not intended to be complete.

Any decision to invest in any of these strategies would be predicated upon further due diligence to stress-test the investment assumptions and the potential for loss. In addition, in the case of illiquid assets, once an investment passes through the due diligence process, the TICO Fund will typically make the investment only after significant structuring to ensure adequate safeguards such as customary underwriting standards, milestone provisions for funding, real-time collateral monitoring and lock-box features.

The TICO Fund is currently invested with the Third TICO Co-invest Fund, the Sixth TICO Co-invest Fund, the Seventh TICO Co-invest Fund, the Eighth TICO Co-invest Fund, and the Tenth Co-invest Fund. Investments with other TICO Client Funds is authorized by the TICO Fund's PPM. The following is a brief overview of different investment risks related to TICO's investment strategies; the offering document for each TICO Client Fund sets forth specific risk factors for an investment in such TICO Client Fund.

There is the potential for insufficient investment opportunities. TICO may not be able to secure a sufficient number of investment opportunities for the Interests. The activity of identifying, completing and realizing attractive distressed and newly-underwritten credit investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions as well as to the prevailing regulatory and political climate.

There are no withdrawal rights. Limited Partners may not withdraw from the TICO Fund. While periodic Distributions will be made and Limited Partners may elect "Reinvestment-End Dates" with respect to their Interests, there is no assurance as to the amount or timing of such Distributions or as to how long a particular Interest will be required to remain at risk.

There is significant "long bias" in the partnership's portfolio. The TICO Fund has been formed primarily to acquire long positions in instruments identified by TICO as undervalued — including making Illiquid Investments in credit sectors with inadequate access to the capital. The "long bias" to the TICO Fund's portfolio will mean that a substantial percentage of its positions may be highly correlated, or will be similarly influenced, in the case of certain events — such as interest-rate "shocks" or a resumption of the "market crisis" which characterized 2007-2009.

Recovery value of collateral can be uncertain. One component of TICO's analysis of the desirability of making a given Illiquid Investment may relate to the estimated residual or recovery value of such Illiquid Investments in the event of the insolvency of the borrower. The value of the collateral underlying certain instruments acquired by the TICO Fund can, however, be extremely difficult to predict and in certain market circumstances there could be little, if any, market for such assets, resulting in such Illiquid Investments becoming substantially worthless.

Disciplinary Information

The Advisers and their employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Principal executive officers of the Advisers are associated with Terrapin Partners, LLC (“TP”). TP is under common control with the Advisers. TP was created in 1998 and is owned by the Company’s chairman and chief investment officer, and a family trust. TP focuses on venture capital and private equity investing.

The Company will not invest any of the Client Fund assets with TICO or TP. TICO has the authority as disclosed in its PPM to invest TICO Fund assets with other TICO Client Funds and with affiliated investment managers. Investors may be solicited to invest in products offered by any of the Advisers or TP.

As discussed above in the section entitled “Advisory Business,” the Advisers act as general partners or investment managers to the Terrapin Funds formed as limited partnerships or other collective investment related vehicles. Investments in any Terrapin Funds of which an Adviser is a general partner or manager are conducted on a private placement basis and prospective investors are solicited by means of the current prospectus or private placement memorandum of the relevant Terrapin Fund. The Advisers may also act as investment managers to offshore entities that are not formed as limited partnerships or limited liability companies.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The principals and related parties may invest in the same Investment Funds and other securities as the Terrapin Funds (but will not do so on more favorable terms than the Terrapin Funds). In case of a conflict between the Client’s account and one or more principals’ or related parties’ accounts, in situations where there is limited access to a limited supply of a particular investment or sale opportunity, such opportunities shall be allocated to the Client first. The Company maintains transaction records for all employee securities transactions and have also adopted policies and procedures to prevent the misuse of material non-public information and trading on inside information. To avoid any potential conflicts of interest involving personal account dealing, the Advisers have adopted a Code of Ethics (the “Code”), which includes personal trading and insider trading policies and procedures. The Code requires, among other things, that Employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of the Company above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid or disclose any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals;

- Comply with applicable provisions of the federal securities laws.

The Code also requires Employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of the Code shall be provided to any investor or prospective investor upon request.

Each Adviser serves as the general partner, investment manager and/or investment adviser to its respective Terrapin Funds. The Company, its employees or a related entity will generally have a material investment in the Terrapin Funds. Therefore, the Advisers are considered to participate in transactions effected for the Terrapin Funds. In addition, the Advisers benefit from recommending that investors invest in the Terrapin Funds because they receive fees including management and incentive fees.

Brokerage Practices

TAM

When investing in Investment Funds, the Company ordinarily contracts directly with Investment Managers without the involvement of any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments.

To the extent the Advisers engage in transactions that require the involvement of a financial intermediary such as a broker-dealer, the Advisers have the authority to determine the financial intermediaries to be used in connection with such transactions and to negotiate the amount of commission or other compensation to be paid to such intermediaries in connection with such transactions. The Advisers negotiate such compensation on a case-by-case basis and have not historically entered into formal soft dollar arrangements. To the extent that the Advisers are presented with the opportunity to enter into a formal soft dollar arrangement, they would do so only in a manner that in which incentives would accrue exclusively to the benefit of the Terrapin Funds, typically through the reduction of expenses that would otherwise be borne by the Terrapin Funds.

The Advisers will take into account a number of factors including, among other things, commission rates (and other transactional charges), the broker's financial strength, stability and responsibility, reputation, reliability, responsiveness to the Company, ability to execute trades, the availability of stocks to borrow for short trades, willingness to execute related or unrelated difficult transactions, efficiency of execution, and error resolution. Accordingly, transactions will not always be executed at the lowest available price or commission. The Advisers do not adhere to any rigid formulas in selecting brokers, but weigh a combination of factors. Investment personnel for the Advisers evaluate brokers based on the criteria listed above and on the products and services provided by the broker. There is, however, no formulaic correlation between this evaluation and the allocations of brokerage for Terrapin Funds. Because of the range of factors considered by the Advisers, it is possible that the Advisers may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. Nevertheless, the Company will make a good faith determination that the amount of commission is reasonable in relation to the value of the products and services received, the broker's execution ability, and other factors.

TICO

Many of the TICO Fund's illiquid investments will be held directly by the partnership (through its custodian) and not in any brokerage account. Nevertheless, the TICO Fund will also maintain brokerage and custody arrangements with banks and other established financial institutions. In the case of TICO, any purchase or sale of securities and other investment products may require financial intermediaries such as broker-dealers to be compensated through a commission or other compensation arrangement.

In the case of the TICO Fund, TICO looks at a range of criteria including pricing offered on the specific transaction for which the broker-dealer is being considered, as well as broader considerations. Those broader considerations include, but are not limited to, other support offered by the broker-dealer such as market feedback and potential for future deal-flow. Since broker-dealers in the fixed-income markets make markets rather than charge commission, it is difficult to determine their actual level of commission. TICO strives to ensure that the prices at which transactions are conducted are consistent with other comparable transactions.

Review of Accounts

The Advisers continuously review Client accounts. The investment personnel of the Company continually supervise the Investment Funds and the Investment Managers and assess the appropriateness of the investments in connection with each Client's investment objectives and the general economic environment. In addition, investment personnel perform ongoing monitoring of Investment Funds held in accounts by reviewing such factors as performance return, performance volatility, adherence to investment guidelines, and portfolio management changes. The Company's Investment Committee, which includes Mr. Leight, and the Director of Quantitative Analysis, has final authority over all investment decisions for the Client Fund. TICO has designated, in the PPM of the TICO Fund and the investment memoranda of the TICO Co-Invest Funds, Mr. Leight to have final authority over all investment decisions related to such fund.

Investors receive annual audited financial statements prepared in accordance with generally accepted accounting principles and reports issued no less than quarterly which include a statement of the NAV of the investor's interest in the partnership. In addition, the Advisers may agree to provide certain investors more frequent or more detailed reports of a Terrapin Fund's portfolio holdings or performance. The Advisers furnish clients with annual tax information relating to their investment in a Terrapin Fund necessary for the preparation of their federal income tax returns. However, such information is unlikely to be furnished in time for an April 15 tax filing. Therefore, investors will be required to obtain an extension of their tax return filing dates.

The nature and frequency of reports to the Sub-Advised Account are determined primarily by their particular needs.

Client Referrals and Other Compensation

From time to time, the Advisers will compensate unaffiliated persons or entities for acting as selling agents for interests in some Terrapin Funds. The Advisers have historically entered into contractual agreements with individuals or organizations ("**Agents**") who solicit investors for certain of the Terrapin Funds. While the specific terms of each arrangement may differ, generally an Agent's compensation is based upon the value of the assets under management of the referred investor(s) and the amount of fees collected. All referral fee arrangements will be fully disclosed to investors and Clients to which such arrangements are related.

Custody

All Terrapin Fund assets are held in custody by unaffiliated broker/dealers or banks; however, a registered investment adviser who, directly or through an affiliate, acts as the general partner or managing member to a limited partnership or other comparable pooled investment vehicle is considered to have custody over client assets. Rule 206(4)-2 under the Investment Advisers Act of 1940 imposes a number of requirements on an SEC-registered investment adviser that is deemed to have custody of its clients' funds and securities.

To comply with Rule 206(4)-2 and to provide meaningful protection to investors, each Terrapin Fund is subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting principles. The financial statements are distributed to each investor within 120 days of the Funds' fiscal year end for the TICO Fund and 180 days of the Funds' fiscal year end for the Client Fund.

Investment Discretion

The Advisers typically manage Terrapin Funds on a discretionary basis. The offering memorandum and governing document for each Terrapin Fund provides that the general partner or investment manager has exclusive and absolute discretion and authority in managing and controlling the business and affairs of the Client, subject only to specific and express limitations provided therein. TAM sub-advises the Sub-Advised Account on a non-discretionary basis.

Voting Client Securities

As a "fund-of-hedge funds" adviser, the Company rarely has the opportunity to vote the proxies of traditional operating companies. The Company from time to time is requested to vote on behalf of its Client Fund in its capacity as an investor in other Investment Funds. As an adviser to a private fund that invests primarily in illiquid securities, TICO is also rarely, if ever, requested to vote the proxies of traditional operating companies. In the event that any Adviser is requested to or has the opportunity to engage in voting proxies, the Advisers are guided by general fiduciary principles. The Advisers' goal is to act prudently, solely in the best interest of the Terrapin Funds and their investors. The voting Adviser attempts to consider all factors of its vote that could affect the value of the underlying Investment Fund or the issuer of the security to which it is submitting a vote. The Company and TICO vote proxies in the manner that they believe is consistent with efforts to achieve its Client's stated objectives, including maximizing portfolio values. The Company and TICO maintain records of all proxy votes cast on behalf of Clients. If a material conflict of interest over proxy voting arises between the Company and a Client, the Company will vote the proxy as recommended by the Investment Committee. Investors may contact the Company for a copy of the policy or information with respect to a specific client proxy vote, at no cost.

Financial Information

None of the Advisers have ever filed for bankruptcy and are not aware of any financial condition that is expected to affect their ability to manage client accounts.